

Message Text

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C O N F I D E N T I A L ACCRA 2437

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SUBJ: VISIT MR. EDGAR KAISER AND ASSOCIATES TO GHANA,

APRIL 29-MAY 2, 1974

FROM AMBASSADOR

1. SUMMARY: VISIT OF EDGAR KAISER TO GHANA, APRIL 29-MAY 2, WAS MARKED BY UNUSUAL GOG COURTESIES AND USUAL WARMTH AND ENTHUSIASM ON HIS PART. AGREEMENT TO MOVE ON NEXT PHASE PROJECT EXPLOIT BAUXITE DEPOSITS NEAR KIBI (BASCOL) SIGNED. STRONG INTEREST BORDERING ON MORAL COMMITMENT AFFIRMED BY KAISER IN SIGNIFICANT EXPANSION PRESENT ALUMINUM FACTORY (VALCO). SIMILAR INTEREST EXPRESSED IN ALUMINUM ROLLING PLANT. PROGRESS ALSO MADE ON KAISER COMPANY RICE PROJECT, AND HE ENDORSED CONCEPT (NOT SPECIFICS) OF DAMS AT KPONG AND BUI. EVERYONE APPEARS PLEASED, ALTHOUGH SOME OF KAISER STAFF WHO EXPECTED TURN GENERAL AGREEMENTS INTO FEASIBLE PROJECTS WILL HAVE HANDS FULL MEETING REAL AND IMPLIED COMMITMENTS MADE DURING VISIT. END SUMMARY.

2. WE ARE SENDING BY AIRGRAM DETAILS CONCERNING VISIT MR. AND MRS. KAISER TO GHANA, APRIL 29-MAY 2. THIS MESSAGE CONTAINS AN OVERVIEW OF VISIT AND MY PERSONAL COMMENTS THEREON.

3. FROM BEGINNING, EDGAR KAISER AND ASSOCIATE WARD SAUNDERS GIVEN
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THE WARMEST WELCOME AND ACCORDED HONORS WHICH NORMALLY RESERVED

FOR VISITS OF HIGHEST FOREIGN OFFICIALS. MET BY DR. KWAME FORDWOR (SPECIAL ASSISTANT TO CHAIRMAN ACHEAMPONG IN LATTER'S CAPACITY AS FINANCE COMMISSIONER), VOLTA RIVER AUTHORITY OFFICIALS AND MINISTRY OF FOREIGN AFFAIRS PROTOCOL OFFICERS AFTERNOON APRIL 29, KAISER HELD INFORMAL PRESS CONFERENCE IN VIP LOUNGE OF AIRPORT AND THEN PLUNGED INTO SCHEDULE, WHICH ON SUBSTANTIVE SIDE INVOLVED TWO MEETINGS WITH COL. ACHEAMPONG, HEAD OF STATE AND NRC CHAIRMAN, SEVERAL MEETINGS WITH GOG AND VRA OFFICIALS, EXTENSIVE BRIEFING AT EMBASSY, AND VISITS TO BOTH VALCO PLANT AND AKOSOMBO DAM. SOCIAL FUNCTIONS INCLUDED LARGE LUNCHEON HOSTED BY LT. COL. FELLI, COMMISSIONER FOR ECONOMIC PLANNING, DINNER AT EMBASSY RESIDENCE FOR OFFICIAL AND NON-OFFICIAL GHANAIS, AND STATE DINNER AT THE CASTLE, HOSTED BY COL. ACHEAMPONG. CLIMAX TO VISIT OCCURRED MORNING OF MAY 2, WITH SIGNATURE BY KAISER AND GOG REPRESENTATIVE (FORDWOR) OF LETTER INTENT FOR BASCOL PROJECT (FEASIBILITY STUDY ON ALUMINA PRODUCTION FROM BAUXITE DEPOSITS NEAR KIBI). IF PROJECT PROVES FEASIBLE, AND KAISER EXPRESSED STRONG HOPE THIS THE CASE, INVESTMENT OF APPROXIMATELY \$160 MILLION ENVISAGED.

4. IN ADDITION TO CONCLUSION OF THIS AGREEMENT, MR. KAISER AGREED IN PRINCIPLE TO PLAN FOR FIFTH POT-LINE OF PRESENT VALCO ALUMINUM PLANT, THUS INCREASING PRODUCTION FROM APPROXIMATELY 150 TO 200 THOUSAND TONS ANNUALLY. HE AGREED TO CONSIDER SYMPATHETICALLY THE ESTABLISHMENT OF AN ALUMINUM ROLLING PLANT. HE AGREED TO PROCEED WITH THE GOG REQUEST FOR A MAJOR RICE PRODUCTION SCHEME ON ACCRA PLAINS. FINALLY, HE GAVE HIS ENDORSEMENT TO PLANNING FOR A SECOND DAM ON THE VOLTA RIVER AT KPONG (BELOW AKOSOMBO) AND A DAM AT BUI, ON THE UPPER PART OF THE BLACK VOLTA, THIS LATTER CONSIDERABLY MORE DISTANT AS A REALIZABLE PROJECT THAN FORMER.

5. MR. KAISER AND PARTY DEPARTED AT NOON MAY 2, EXUBERANT IN SPIRIT AND SOMEWHAT EXHAUSTED IN BODY AFTER A TRULY INTENSIVE VISIT.

6. FROM MY CONVERSATIONS WITH MR. KAISER, HIS ASSISTANTS AND GHANAIAN OFFICIALS (FROM THE CHAIRMAN OF THE NRC ON DOWN), THERE IS NO DOUBT THAT VISIT A COMPLETE SUCCESS. IN THE ATMOSPHERICS, GOG OFFICIALS PRACTICALLY ACCORDED MR. KAISER HEAD OF GOVERNMENT STATUS. (IF THERE WERE A KAISER NATIONAL ANTHEM, I AM SURE THE BAND AT THE CASTLE DINNER WOULD HAVE PLAYED IT.) IN THE TALKS
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THERE WAS A RANGE OF GHANAIAN PROPOSALS. IN ADDITION TO WINDING UP THE BASCOL LETTER OF INTENT, ON WHICH THE WORK HAD BEEN DONE DURING PAST 18 MONTHS, GOG OFFICIALS CLEARLY PUSHED HARD FOR GOING FULL-STEAM AHEAD ON THE PROJECT ITSELF, FOR BEGINNING THE FIFTH POT-LINE AS SOON AS POSSIBLE, AND FOR INITIATING THE RICE SCHEME ALMOST IMMEDIATELY. THE WELCOMED THE INTERIM DECISION ALREADY MADE BY VALCO TO INCREASE SIGNIFICANTLY THE RATE OF PAYMENT FOR ELECTRICITY, AND ASSUME THAT THE INDEPENDENT AUTHORITY STUDYING

THE PROBLEM WILL CONFIRM THIS INCREASE. THEY CLEARLY SOUGHT SUPPORT FROM MR. KAISER FOR THE KPONG AND BUI DAMS. (AN INTEREST OF KAISER ENGINEERS IN DOING SOME WORK ON ONE OR BOTH OF THESE PROJECTS APPEARS TO HAVE BEEN IMPLICIT.) FROM THE KAISER SIDE OF THE TALKS, TWO GENERAL TRENDS WERE CLEAR. CARRIED ALONG BY MR. KAISER'S COMMITMENT AND ENTHUSIASM, THE VISITORS PROBABLY AGREED TO MORE THAN HIS STAFF HAD ORIGINALLY PLANNED. MR. KAISER CLEARLY ASSUMES THAT THE BASCOL PROJECT WILL BE FEASIBLE, THAT THIS WILL JUSTIFY THE FIFTH POT-LINE, AND THAT WHILE THE ALUMINUM ROLLING PLANT WILL NEED TO BE LARGER THAN THE 10 THOUSAND TONS BEING DISCUSSED AS GHANA'S CONSUMPTION, IT TOO WILL BE ECONOMICALLY FEASIBLE IN DUE COURSE. HE ALSO ASSUMES THE NEED FOR MUCH MORE POWER IN GHANA, WITH THE KPONG DAM A NEAR-CERTAINTY AND THE BUI DAM MORE PROBLEMATIC, GIVEN PRESENT STATE OF PLANNING, BUT STILL LIKELY IN DUE COURSE.

7. MR. KAISER ALSO TOLD ME THAT HE WAS HIGHLY IMPRESSED WITH THE PRESENT GHANA LEADERSHIP AND THOUGHT THAT IT WOULD ENDURE FOR CONSIDERABLE PERIOD. HE PUBLICLY WELCOMED FACT NRC CHAIRMAN HAD INVITED HIM, AND PRIVATELY COMMENTED FAVORABLY ON EFFORTS OF ACHEAMPONG TO ESTABLISH A PERSONAL RELATIONSHIP WITH HIM AS HAD PREVIOUS REGIMES. GOG OFFICIALS FOR THEIR PART HAVE EVERY REASON TO BE PLEASED WITH HIS RESPONSE TO THEIR REQUESTS. AND FROM THE STANDPOINT OF THE EMBASSY, I CONCLUDE THAT THE VISIT COULD NOT HAVE BEEN MORE SUCCESSFUL. I RECOGNIZE, AS DO KAISER OFFICIALS, THAT IT WILL BE EXTREMELY IMPORTANT TO LIVE UP TO THE LETTER AND SPIRIT OF THE BASCOL AGREEMENT AND TO PUSH PERSISTENTLY FOR IMPLEMENTATION OF THE OTHER MORE GENERAL UNDERSTANDINGS. IN THESE EFFORTS, HOWEVER, THE PROSPECTS SHOULD OUTWEIGH THE PROBLEMS. HADSEL

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